



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201349027

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SEP 10 2013

U.I.L 414.08-00

XXX
XXX
XXX

T:EP: RA, T2

Attention: XXX

LEGEND:

| | | |
|----------|---|-----|
| Entity A | = | XXX |
| Entity B | = | XXX |
| Entity C | = | XXX |
| Entity D | = | XXX |
| Entity E | = | XXX |
| Entity F | = | XXX |
| Entity G | = | XXX |
| Group A | = | XXX |
| Plan 1 | = | XXX |
| Plan 2 | = | XXX |
| Plan 3 | = | XXX |
| Plan 4 | = | XXX |
| Plan 5 | = | XXX |

| | | |
|-------------|---|-----|
| Plan 6 | = | XXX |
| Plan 7 | = | XXX |
| Plan 8 | = | XXX |
| Plan 9 | = | XXX |
| Plan 10 | = | XXX |
| Plan 11 | = | XXX |
| Religion D | = | XXX |
| State F | = | XXX |
| State G | = | XXX |
| Committee P | = | XXX |
| Committee Q | = | XXX |
| Leader W | = | XXX |

Dear XXX:

This letter responds to your June 24, 2009 ruling request, as supplemented by correspondence dated November 10, 2011, December 15, 2011, February 29, 2012, April 11, 2012, October 15, 2012, and November 29, 2012, submitted by your representative, concerning whether Plan 1, Plan 5, Plan 6, Plan 7, Plan 8, Plan 9, Plan 10, and Plan 11 qualify as church plans under section 414(e) of the Internal Revenue Code (Code).

The following facts and representations have been submitted under penalty of perjury in support of the rulings requested:

Group A is a religious community organized and established within Religion D. The mission of Group A is to fulfill the healing ministry and the life-giving missions of Religion D by providing quality compassionate health care. Group A was originally established XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX . Group A first incorporated as the non-profit Entity A in State G in XXXX. Entity A

established its first hospital, Entity C, in 1911, which was incorporated as a non-profit in State G in 1926, on the grounds of their religious housing complex, in order to care for injured railroad workers. Subsequently, Entity A established several more hospitals. In addition, Entity A fulfills its religious missions by staffing churches, funding educational institutions, and providing spiritual direction.

Entity A is a non-profit corporation organized under the laws of State F and is exempt from federal income tax under section 501(c)(3) of the Code, pursuant to a group exemption letter applicable to organizations operated, supervised, and controlled by Religion D which are listed in the Annual Directory of Religion D.

According to the Articles of Incorporation for Entity A, Section 3, A, provides that its purpose includes the following: "to operate exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Religion D," and "to support the public and charitable works of health, education, and social services, religious mission...of Religion D."

In 1941, Entity A established Entity B and incorporated it as a non-profit in State G. Entity A merged Entity B and Entity C in 1955 and became known as Entity F, today known as Entity G. At all times since the establishment of Entity C in 1911 until today, Entity G has been controlled by Entity A. Entity A established Entity D in 1933 to care for the elderly, infirm, and disabled members of Entity A. Entity D was incorporated in 1993 in State F as Entity A.

In 1965, Entity A established two defined benefit pension plans: Plan 2 and Plan 3. In 1978, Entity D joined Plan 2. On September 18, 1993, Entity A received a private letter ruling that Plan 2 and Plan 3 were church plans within the meaning of 414(e) of the Code. On January 1, 1996, Plan 3 was merged into Plan 2. As of January 1, 1996, the merged plan was amended and restated and was called Plan 4. On January 1, 2001, Plan 4 was renamed Plan 5. On January 1, 2005, Plan 5 was amended and restated in its entirety.

In 2009, Entity A established Plan 1, a frozen plan in which participants shall not accrue benefits for service after December 31, 2008. Entity E intended that Plan 1 continue to qualify as a defined benefit plan under section 401(a) of the Code and as a non-electing church plan within the meaning of 414(e) of the Code. Plan 1 was spun off of Plan 5. Effective January 1, 2009, Entity E terminated its participation in Plan 5 pursuant to Section 9.2 and 10.2 of Plan 5. The Trustee of Plan 5 was directed to segregate the net assets of Plan 5's trust fund attributable to the participation of Entity E and to transfer such net assets to the trust fund with respect to Plan 1.

Entity A established Plan 6 on December 1, 2006.

Entity A established Plan 7, Plan 8, and Plan 9, all welfare benefit plans, on July 1, 2008.

Entity A established Plan 10, an insurance plan, on August 1, 2002.

Entity A established Plan 11, a dental plan, on July 7, 2007.

Entity A represents that none of the eligible plan participants in Plan 1, Plan 5, Plan 6, Plan 7, Plan 8, Plan 9, Plan 10, and Plan 11 (the Plans) are or can be considered employed in connection with one or more unrelated trades or businesses within the meaning of section 513 of the Code.

The administrative control of the Plans is vested in Entity A's Board of Trustees. The Board maintains Committee P to administer the Plans. Furthermore, Section 1.33 of Plan 1 provides that its Plan Administrator is Committee P acting on behalf of the Plan and its trust, and, as applicable, the person or persons appointed by Committee P to act as its delegate(s). In addition, Section 1.33 of Plan 1 provides that Committee P consist of "the person or persons appointed by the Board and charged with responsibility for arranging for the administration of the Plan and with such duties and responsibilities as are set forth elsewhere in this Plan." Section 1.9 of Plan 1 provides that the Board is the Board of Trustees for Entity A. Section 1.34 of Plan 1 provides that the Plan Sponsor is Entity A. Committee P has delegated the duty of Administrator of Plan 1 to Leader W, a high ranking religious person in Group A. In addition, Leader W administers Committee P. All of the members of Committee P are religious persons who are members of Group A. Committee P consults with Committee Q, a human resources committee for Entity A that is administered by Leader W and made up of other religious members of Group A, employees of Entity A who are members of Religion D, and lay people volunteers who are members of Religion D.

In accordance with Revenue Procedure 2011-44, 2011-39 I.R. B. 446, Notice to Employees with reference to Plan 1 and Plan 5 was provided on November 8, 2011. This notice explained to participants of Plan 1 and Plan 5 the consequences of Church Plan Status. Similarly, in accordance with Revenue Procedure 2011-44, 2011-39 I.R. B. 446, Notice to Employees with reference to Plan 6 was provided on October 12, 2012. This notice explained to the participants of Plan 6 the consequences of Church Plan Status.

Based on the foregoing, you request a ruling that the Plans are church plans within the meaning of section 414(e) of the Code.

Section 414(e) was added to the Code by section 1015 of ERISA. Section 1017(e) of ERISA provided that section 414(e) of the Code applied as of the date of ERISA's enactment. However, section 414(e) of the Code was subsequently amended by section 407(b) of the Multiemployer Pension Plan Amendments Act of 1980, Pub. Law 96-364, to provide that section 414(e) of the Code was effective as of January 1, 1974.

Section 414(e)(1) of the Code generally defines a church plan as a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches which is exempt from taxation under section 501 of the Code.

Section 414(e)(2) of the Code provides, in part, that the term "church plan" does not include a plan that is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513 of the Code); or if less than substantially all of the individuals included in the plan are individuals described in section 414(e)(1) of the Code or section 414(e)(3)(B) of the Code (or their beneficiaries).

Section 414(e)(3)(A) of the Code provides that a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches includes a plan maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(B) of the Code generally defines "employee" of a church or a convention or association of churches to include a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry, regardless of the source of his or her compensation, and an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 of the Code, and which is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(C) of the Code provides that a church or a convention or association of churches which is exempt from tax under section 501 of the Code shall be deemed the employer of any individual included as an employee under subparagraph (B).

Section 414(e)(3)(D) of the Code provides that an organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if it shares common religious bonds and convictions with that church or convention or association of churches.

Revenue Procedure 2011-44, 2011-39 I.R.B. 446, supplements the procedures for requesting a letter ruling under section 414(e) of the Code relating to church plans. The revenue procedure: (1) requires that plan participants and other interested persons receive a notice in connection with a letter ruling request under section 414(e) of the Code for a qualified plan; (2) requires that a copy of the notice be submitted to the Internal Revenue Service (IRS) as part of the ruling request; and, (3) provides procedures for the IRS to receive and consider comments relating to the ruling request from interested persons.

In order for an organization that is not itself a church or convention or association of churches to have a qualified church plan, it must establish that its employees are employees or deemed employees of a church or convention or association of churches

under section 414(e)(3)(B) of the Code by virtue of the organization's control by or affiliation with the church or convention or association of churches. Employees of any organization maintaining a plan are considered to be church employees if the organization: (1) is exempt from tax under section 501 of the Code; and (2) is controlled by or associated with a church or convention or association of churches. In addition, in order to be a church plan, the administration or funding (or both) of the plan must be by an organization described in section 414(e)(3)(A) of the Code. To be described in section 414(e)(3)(A) of the Code, an organization must have as its principal purpose the administration or funding of the plan and must also be controlled by or associated with a church or convention or association of churches.

Entity A is a non-profit corporation which is exempt from federal income tax under section 501(a) of the Code as an organization described in section 501(c)(3) of the Code. Entity A is listed in the Annual Directory of Religion D. The primary purpose of Entity A is to fulfill the healing ministry and the life-giving missions of Religion D by providing quality compassionate health care. In addition, Entity A fulfilled its religious missions by staffing churches, funding educational institutions, and providing spiritual direction. Entity A is governed by a Board of Directors, the majority of whom are members of Group A, and all of whom are members of Religion D. The members of Group A are overseen by Leader W.

In view of the common religious bonds between Entity A and Religion D, the inclusion of Entity A in the Annual Directory of Religion D, and the indirect control of Entity A by Religion D through the Board of Directors, we conclude that Entity A is associated with a church or convention or association of churches within the meaning of section 414(e)(3)(D) of the Code, that the employees of Entity A meet the definition of employee under section 414(e)(3)(B) of the Code, and that they are deemed to be employees of a church or a convention or association of churches by virtue of being employees of an organization which is exempt from tax under section 501 of the Code and which is controlled by or associated with a church or a convention or association of churches.

The administrative control of the Plans is vested in Committee P. Committee P is controlled by and shares common religious bonds with Religion D through the controlling power that Group A exercises over Entity A's Board of Directors. Committee P's primary purpose and function is the administration of the Plans. Therefore, we conclude that the administration of the Plans satisfies the requirements regarding church plan administration under section 414(e)(3)(A) of the Code. Accordingly, the Plans are maintained by an organization that is associated with a church or convention or association of churches, and the principal purpose or function of which is the administration of the Plans for the provision of retirement and welfare benefits for the deemed employees of a church or convention or association of churches.

Based on the foregoing facts and representations, we conclude that Plan 1, Plan 5, Plan 6, Plan 7, Plan 8, Plan 9, Plan 10, and Plan 11, maintained by Entity A, are church plans pursuant to section 414(e) of the Code retroactive to each plan's respective effective date, or 1974, if later.

This letter expresses no opinion as to whether Plan 6 satisfies the requirements of section 403(b) of the Code.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

Should you have any concerns regarding this letter, please contact XXXXXX at XXX XXX-XXXX. Please address all correspondence to SE:T:EP:RA:T2.

Sincerely yours,



Jason E. Levine, Manager
Employee Plans Technical Group 2

Enclosures:

Deleted copy of ruling letter
Notice of Intention to Disclose

CC:
XXX
XXX
XXX
XXX